

**Memorandum to the File  
Case Closure**

Alleged Improper Contracts, Conflict of Interest, and Misuse of Position  
Veterans Health Administration, Chief Business Office, Denver, Colorado  
2010-02328-IQ-0172

The VA Office of Inspector General Administrative Investigations Division investigated allegations that [REDACTED] Veterans Health Administration (VHA), Washington DC, engaged in improper contracts, a conflict of interest, and misused his position by awarding contracts to VA contractors who were former senior CBO officials. To assess these allegations, we interviewed [REDACTED] and other VA employees. We also reviewed email, personnel, and contract records, as well as, applicable Federal laws, regulations, and VA policy. We substantiated allegations against another employee, and they will be discussed in a separate report. (b) (7)(C)

Federal law states that except as provided by law, an executive agency in conducting a procurement for property or services shall obtain full and open competition through the use of competitive procedures and shall use the competitive procedure or combination of competitive procedures that is best suited for the circumstances of the procurement. 41 USC § 253 (a)(1)(A) and (B). Federal regulations require that Government business be conducted in a manner above reproach and with complete impartiality and preferential treatment for none. 48 CFR § 3.101-1. Federal regulations state that no contract shall be entered into unless the contracting officer ensures that all requirements of law, executive orders, regulations, and all other applicable procedures, including clearances and approvals, have been met. 48 CFR § 1.602-1(b).

The Standards of Ethical Conduct for Employees of the Executive Branch state that employees shall not engage in financial transactions using nonpublic Government information or allow the improper use of such information to further any private interest; shall act impartially and not give preferential treatment to any private organization or individual; and shall endeavor to avoid any actions creating the appearance that they are violating the law or ethical standards. 5 CFR § 2635.101(3), .101(8), and .101(14). It also states that an employee shall not use his public office for his own private gain or for the private gain of friends, relatives, or persons with whom the employee is affiliated in a nongovernmental capacity. Further, it states that an employee shall not use or permit the use of his Government position or title or any authority associated with his public office in a manner that is intended to coerce or induce another person, including a subordinate, to provide any benefit, financial or otherwise, to himself or to friends, relatives, or persons with whom the employee is affiliated in a nongovernmental capacity. 5 CFR § 2635.702(a)

*Background*

Personnel records reflected that [REDACTED] entered Senior Executive Service in [REDACTED] 2007, and at that time, he became the [REDACTED] Records also (b) (7)(C)

reflected that in [REDACTED] 2008, he became [REDACTED] and that this position was located in the VHA Chief Business Office. Personnel records further reflected that [REDACTED] reported to the Deputy Under Secretary for Health for Operations and Management.

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[REDACTED] told us that he has known [REDACTED] and [REDACTED] for many years. He said he first met them sometime in the early 1980s and that he had a professional and personal relationship with them. He said that when he was the [REDACTED] [REDACTED]'s wife reported to him, through his deputy, as she was [REDACTED] within the HEC. He also said that he kept in touch with [REDACTED] as [REDACTED] was the then [REDACTED] and that [REDACTED] and [REDACTED] came to his house once for dinner. [REDACTED] told us that he and [REDACTED] both came from VHA medical administration programs and that they knew each other for at least 25 years. He said that they were friends but not close friends and that since he [REDACTED] retired from VA, his personal contact with [REDACTED] was very limited. [REDACTED] told us that he and [REDACTED] were friendly; knew each other a long time; and that during the course of working together, they, at times, went to dinner together. He said that he, otherwise, did not interact with [REDACTED].

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[REDACTED] told us that the Chief Business Office was reorganized in 2002 and that [REDACTED] and [REDACTED] were assigned to lead that office. He said that he, at that time, was the [REDACTED] however, he said that office was moved organizationally into the Chief Business Office. He said that due to the reorganization, [REDACTED] became his immediate supervisor and [REDACTED] became his second level supervisor. [REDACTED] told us that he was the first VHA [REDACTED] and that he occupied that position for 2 years, from May 2002 to January 2004, retiring in [REDACTED] 2004. [REDACTED] told us that he was the first [REDACTED]. He said that in the fall of 2006, [REDACTED] was appointed to the position of [REDACTED] until his [REDACTED] retirement in [REDACTED] 2007. [REDACTED] told us that when he served as the [REDACTED] he became [REDACTED]'s supervisor, even though he previously reported to [REDACTED]. Personnel records reflected that [REDACTED] was [REDACTED]'s supervisor from October 1997 to October 1999 and he rated [REDACTED]'s performance for the April 2003 to September 2003, October 2003 to September 2004, and October 2004 to September 2005 rating periods.

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[REDACTED] told us that [REDACTED] was a [REDACTED] with [REDACTED] [REDACTED] confirmed that he was the [REDACTED] at [REDACTED] working there since May 2007. [REDACTED] told us that since January 2007 he was self-employed as the Principal of his own company called [REDACTED]. He said that he was entering the third year of a consulting arrangement with [REDACTED] and that he advised [REDACTED] on business opportunities and development activities.

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*Alleged Improper Contracting, Conflict of Interest, and Misuse of Position*

██████████ told us that he was not involved in the VHA contracting award process; however, he said that he was involved in reviewing and providing feedback on ██████████'s interim and final reports. He said that those meetings were generally with multiple participants from both ██████████ and ██████████. He further said that he never instructed a contracting officer, either directly or indirectly, to award a contract to ██████████ and that ██████████ nor anyone else representing ██████████ ever influenced his decisions. ██████████ told us that he never had any inappropriate contact with ██████████ or ██████████ during the award process or prior to the award of a VHA contract to ██████████. He also said that he never colluded with any VA employee to provide ██████████ an unfair advantage in obtaining a contract.

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██████████ told us that his relationship with ██████████ never created an unfair advantage for ██████████ and that when ██████████ pursued work at the ██████████ they only dealt with the contracting personnel. He said that he did not think that ██████████ was directly involved with VHA contracts with ██████████ however, he said that in the past year, he said that he expressed some frustration to ██████████ regarding what he ██████████ thought were bad decisions on some of the contracts the Chief Business Office awarded. ██████████ said that he was not aware of ██████████ directing or advocating to a VA employee to award a contract to ██████████.

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██████████ told us that his relationship with ██████████ never created an unfair advantage for ██████████. He said that, if anything, it created a disadvantage. He said that some VA employees that used to work for him and ██████████ still harbored resentment against them. He further said that he thought that this resentment resulted in less than a fair evaluation of some of ██████████'s proposals. ██████████ said that he was not aware of any undue influence, abuse of authority, or any other type of fraud, waste, or abuse on ██████████'s part, and he said that he was not aware of ██████████ ever directing or advocating for a VA employee to award a contract to ██████████.

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Email records reflected that when ██████████ employees contacted ██████████ for assistance, he referred them to VA contracting staff. As an example, in a March 25, 2008, email chain, ██████████ told ██████████ in an email of his "shock and disappointment" that VA issued a contract held by ██████████ for several years to another contractor. ██████████ said that he wanted to speak to ██████████ about the matter; however, on March 26, 2008, ██████████ told the ██████████ that he would not discuss the matter with him, since it was in the hands of VA contracting staff. ██████████ also wrote that it was a very formal legal process and that he was constrained from having any contact until the Contracting Officer authorized such contact.

██████████ formerly a Contracting Officer Technical Representative (COTR) for CBO contracts, told us that he "believed" that ██████████ hired ██████████ however, he said that he had no knowledge of ██████████ influencing or instructing VA employees to award contracts ██████████.

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[redacted] self-employed, formerly the [redacted] for CBO, told us that he was not aware of [redacted] being involved with any type of undue influence, abuse of authority, or any other type of fraud, waste, or abuse, and he said that [redacted] never directed him to award any contracts to [redacted]. He said that he never saw [redacted] give [redacted] an unfair advantage and that he never saw [redacted] do anything illegal or improper as it related to contracting or any processes associated with such.

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[redacted] for CBO, told us that she had no knowledge of [redacted] providing any undue influence over the issuance or award of contracts and that she never saw any unfair contract advantages to [redacted]

(b) (7)(C)

[redacted] for CBO, told us that she did not work directly with [redacted] but that she was not aware of any undue influence, abuse of authority, or any fraud, waste or abuse on his part.

[redacted] for the [redacted] said that her staff was responsible for processing the contracts between [redacted] and [redacted]. She said that her working relationship with [redacted] was good; he was a professional; and he was very forthcoming and supportive of VA's mission. She also said that in reference to contacting "everyone knows the rules and they abide by those rules." She said that she was not aware of [redacted] ever trying to influence the contracting process, and she said that she told her staff that because [redacted] was part of the [redacted] in the past, they needed to ensure that everything was done by the book so that there was not even a "perception that anything could be wrong." [redacted] said that she was not aware of [redacted] ever advocating that [redacted] receive a contract and that he never gave [redacted] an unfair advantage.

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[redacted] for CBO, told us that [redacted] knew [redacted] and [redacted] however, he said that he did not see any concerns with their relationship. Although, he said that there was a "perception" and concern among some employees, because he said that [redacted] used to work for [redacted]. He told us that he had no knowledge of [redacted] ever directing a VA employee to award a contract to [redacted]

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[redacted] for CBO, told us that in her interactions with [redacted] he indicated that his relationship with [redacted] was long-standing, in both a work and personal basis. However, she said that she was not aware of this creating an unfair advantage to [redacted] or any other contractors. [redacted] said that she was not aware of [redacted] influencing the contracting process, abusing his authority, or any other type of fraud, waste, or abuse as it related to contracts.

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[redacted] for the SAO East Program Contract Activity, told us that he heard "rumors" that [redacted] was instrumental in [redacted] getting his current VA position but that he did not know if [redacted]'s relationship with [redacted] created an unfair advantage for [redacted]. [redacted] said that he had no

knowledge of [redacted] instructing a contracting officer directly or indirectly to award a contract to [redacted] or providing [redacted] an advantage over any other contractor.

[redacted] for CBO, told us that he knew that [redacted] and [redacted] were extremely close, since they all worked together at VA prior to [redacted] and [redacted] retiring from Federal service; however, he said that [redacted] never directly or indirectly asked him to award a contract to [redacted]

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Conclusion

A review of records and interviews of VA employees involved in the CBO contracting process disclosed no evidence that [redacted] was engaged in contract irregularities, in a conflict of interest, or misused his position to award contracts to CHCS as a result of his past and/or present relationship with [redacted] and [redacted]. We are therefore closing these allegations without a formal report or memorandum.

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Prepared By:

[redacted]

9/22/11  
Date

Approved By:

[redacted]

9/21/11  
Date